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CENTRAL INTELLIGENCE AGENCY

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INFORMATION REPORT

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COUNTRY	Hungary/USSR	REPORT NO.	<input type="text"/> 25X1
SUBJECT	Losses on Bauxite Exports to the USSR	DATE DISTR.	17 September 1953
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1. The AEK (Állami Ellenőrző Központ - State Control Board) has recently completed its investigation of the bauxite mining industry and has drawn up a report of its findings for submission to the Ministry of Heavy Industry.
2. The findings show that the cost of production per ton of bauxite works out at an average of 69.70 forints.
3. As the Russians are only paying 47 forints per ton f.o.r. the net loss per ton of bauxite f.o.r. for export to the USSR is 22.7 forints.
4. Added to this is the fact that the Soviet official in Csepel, who inspects the bargeloads of raw bauxite destined for the USSR makes a practice of condemning a number of bargeloads as under quality, and therefore not eligible for any payment at all. The average of such condemned shipments works out at about one in four. The condemned shipments are nevertheless included in the paid ones "as makeweights" so that the loss to Hungary is increased to approximately 34.45 forints per ton.
5. All this was clearly stated in the statement of findings drawn up by the AEK, signed by the Hungarian Deputy Director of Maszobal and presented to the Russian Director for formal counter-signature. The latter, however, rejected this document, but kept a copy, on the basis of which he had an amended version of the findings drawn up, which was the statement he finally signed.

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